

IRG WMR



IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review

Week of 12 June - 18 June 2005

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International

Mobile/Wireless

- **A consortium was formed in Asia composed of eight mobile operators with the aim of allowing their 64 million subscribers to surf the Internet and enabling them to communicate by means of multimedia messages when moving around in the region.** Called the Bridge Mobile Alliance, the group is composed of Telkomsel from Indonesia, Singapore Telecommunications, Taiwan Cellular, Bharti Televenture of India, Optus of Australia, Maxis Telecommunications of Malaysia, Globe Telecom of the Philippines, and CSL of Hong Kong. Subscribers whose phone companies belong to the alliance can get help locally if they lose their cell phones in a Bridge Mobile Alliance country. In a related development, Japan's NTT DoCoMo is initiating a file swapping partnership with the 3G subscribers. The arrangement would allow its subscribers to swap photos, music and movies with select users in Hong Kong, Macau and Singapore. The services would be available only to users of NTT DoCoMo's 3G phones. Those with less advanced handsets will be able to receive but not send multimedia messages.

Internet

- **A new tactic called "pharming" is an indicator that there is a positive correlation with the increase of electronic commerce on the Internet and the sophistication of technology employed by scam artists, according to Verisign.** Pharming involves the use of a code that when placed on a vulnerable domain name system causes traffic to be redirected to fraudulent web sites. Verisign said the growth of e-commerce itself is the driving force behind the invention of more automated techniques to rip off consumers. According to the company, in the first quarter of 2005, 84.9 percent of attempted fraudulent transactions originated from computers in the United States. Canada came second with 5.2 percent and Britain third with 1.1 percent. Australia and Germany were both ranked fourth with 0.9 percent, with Japan coming in as No.5 with 0.7 percent.

Telecommunications

- **Several foreign companies have deposited US\$40 million respectively with privatization authorities in their final bids for Pakistan's biggest telecoms firm.** The companies are Etisalat from the United Arab Emirates, MTC of Kuwait, Saudi Oger, Turkcell, Saudi Telecommunications, Telekom Malaysia, SingTel and China Mobile. The bidding is for a 26 percent stake in state-run Pakistan Telecommunications Ltd (PTCL). The bidding will go ahead as scheduled after being delayed by protests from people opposing the privatization of the company. PTCL has about 5 million fixed-line telephone clients. For the year to June 2004, the company posted a net profit of 29.1 billion rupees (US\$489.4 million) and had assets worth 141.9 billion rupees (US\$2.3 billion).

Japan

Internet

- **At the end of May, E*Trade was holding about 650,000 trading accounts for customers, totaling some 2.4 trillion yen (US\$22 billion), and topping the list of Japan's five major online brokerage houses in terms of stock transactions in fiscal 2004.** Overall, the five brokerage houses posted a turnover of 34 trillion yen (US\$313 billion) in a year. Matsui Securities came second, with about half of the trading accounts held by E*Trade. Rakuten was third, a bit ahead of No. 4 Monex Beans Inc. The fifth-largest online brokerage was kabu.com Securities Co. Matsui outperformed the

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other four in profitability, as it booked 12.6 billion yen (US\$116 million) in net profit in the year ended March 31. E*Trade, however, marked the fastest growth in operating profit and net profit among the five. The five brokerages had a combined turnover of about 94 trillion yen (US\$865.6 billion), a figure that surpasses the total transactions by Japan's top three brokers, which are Nomura Securities Co., Daiwa Securities Group Inc. and Nikko Cordial Corp. for the very first time.

- **Livedoor Co. announced its plans to start testing a public wireless LAN (local area network) service in the wards of Minato and Shinjuku in central Tokyo.** The service is called D-cubic and is the first business cooperation to be rolled out related to the agreement reached between Livedoor and Fuji Television Network Inc. The two companies agreed to work on collaborative projects as a condition that Livedoor give up its bid to control Nippon Broadcasting System Inc. D-cubic is expected to offer a data transmission speed of up to 54 megabits per second, with the service to be compatible with most commercially available wireless LAN adapters. The service coverage is expected to cover most of Tokyo's 23 wards by in a few months and, by the end of 2006, is predicted to serve the entire Tokyo area and the neighboring prefectures. The total investment for the service is estimated at 10-15 billion yen (US\$98 -138.1 million), with Livedoor expecting to sign up 1 million individual users.
- **Internet Initiative Japan, Inc. (IIJ), an Internet access provider for businesses, announced its plans to go public on the Mothers market of the Tokyo Stock Exchange.** IIJ listed on the NASDAQ in 1999 and was one of the first to provide Internet access services in Japan. The company went through losses after the listing. It has recovered now and posted a net profit for the year ended March 2005, which was its first since listing. For the year through March 2006, the company expects consolidated operating profit to soar 86 percent to 2.3 billion yen (US\$21.3 million), with sales forecast to grow 11 percent to 46.3 billion yen (US\$425.4 million. IIJ performs security and server maintenance and operation services, together with its Net connection business. It plans to allocate the funds it will raise by way of the listing to capital investment.
- **Yahoo Japan Corp. and DeNA Co. said they have initiated the compilation of voluntary regulations on the trading of illegally copied brand-name goods and counterfeit software.** Yahoo Japan noted that 0.7 percent of the 19 million items shown on its site each month is pirated or fake merchandise. The rules set will mean the removal of pirated goods and their exhibitors from the trading site. The rules would also include educational activities for traders and a guide to offices that receive complaints. The move of Yahoo Japan and DeNA comes right after the government released its program for 2005 to promote intellectual property rights, which urged Internet traders to come up with their own voluntary regulations. The two companies are recognized as holding some 80 percent of Japan's online auction industry.
- **AT&T and NEC Corp. said they jointly set up a VoIP solution at Omron Corp. in Japan.** With the move, Omron expects to cut costs by about half a million dollars annually. Under the project, AT&T was tasked with project management, network design, equipment and line selection, test and operational support. NEC was the one that installed VoIP equipment and the VoIP gateways at all locations.

Mobile/Wireless

- **KDDI Corp. disclosed that it would begin working with 28 companies from the U.S., Europe and Asia on a project aimed at developing high-speed next-generation cellular phone technology.** KDDI is expecting that the group of companies, all related to telecommunications, will be able to come up with the specifications and standards by the end of 2007, targeting 2007 as the year for

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the launching of the services based on the said technology. The new version is expected to deliver data transfer rates of 100 megabits per second downstream and 50 megabits per second upstream, rates comparable to those achieved by fiber-optic broadband Internet access services. The 28 firms will include SK Telecom of South Korea, China Unicom Ltd., Verizon Wireless of the U.S., Fujitsu Ltd., NEC Corp., Kyocera Corp. and Telefonaktiebolaget LM Ericsson of Sweden.

- **NTT DoCoMo Inc. and Vodafone KK said they plan start selling cellular phones developed and produced by South Korean companies in 2006.** This is the first time that South Korean firms will be manufacturing handsets for Japanese cell phone service providers. NTT said it has signed a technical cooperation agreement with LG Electronics for handsets that the South Korean company will manufacture for Japan. Vodafone has set its eyes on Samsung Electronics Co. for the supply of cell phones. NTT DoCoMo said it plans to buy as well handsets made by U.S. and European firms. Samsung Electronics is presently the third-largest cell phone maker in the world, with the company owning about 13 percent of the market. LG, which is ranked fifth, has a market share of about 6 percent. Japanese cell phone makers have market shares of 2-3 percent.
- **Sanyo Electric Co. is working with U.S.-based Soma Networks, in the development of consumer electronics and infrastructure equipment using Soma technology.** The first products the two companies will be releasing include base stations and wireless broadband gateway devices. Soma provides an IP infrastructure platform called SoftAir that can deliver wireless broadband services based on WCDMA technology. These connections are mostly intended as replacement for wired connections to homes and business located in places where cables are difficult to set up. The joint development works of the two companies have been going on for two years but it is only now that the companies are talking about them. The disclosure comes after Soma said it had attracted about US\$50 million in financing in the last six months. Soma said it would use the fund for the global expansion of its business.

Media, Entertainment and Gaming

- **Tezuka Production Co. said it would begin the distribution of Osamu Tezuka's popular comic series "Black Jack" to mobile phones compatible with KDDI Corp.'s 3G service, with the firm transforming animated TV films of the comics into an e-book format.** In the conversion, the comics are then sent in still images together with the conversation. The production company said it has plans of transmitting other works written by Osamu Tezuka via mobile phones. The writer is also the person behind the classic Astro Boy. The service is to be run jointly by Primeworks Corp. With a subscription fee of 315 yen (US\$3) a month, the firm aims to gather 50,000 subscribers in six months.

Information Technology

- **Advanced Media Inc., a developer of office systems integrating voice recognition technology, said it will go public on the Tokyo Stock Exchange's Mothers market for start-up companies.** The Tokyo-based firm develops systems that can understand messages of all intonations and dialects, and does the interpretation even without the voices registered in advance. Advanced Media had an estimated 1.5 billion yen (US\$13.8 million) in parent-only sales, a figure that includes more than 800 million yen (US\$7.3 million) from the development of voice recognition systems for clients. A main product of the firm is a system that transcribes information about patients at the oral instruction of doctors, a system supplied by the firm to more than 500 medical institutions across Japan. Advanced Media also makes software for conference minutes preparation and automatic answering systems. The firm expects to post 500 million yen (US\$4.6 million) in pretax profit for the current year through

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March 2006. Advanced Media intends to use some 1.9 billion yen (US\$17.4 million) from the initial public offering to enhance its voice recognition technology.

Software

- **Sterling Commerce K.K., a multi-enterprise, announced that it entered into a reseller agreement with Hitachi High-Technologies, giving the solutions provider rights to market the Gentran Integration Suite, which is known as Sterling Integrator in the Asia Pacific region, in Japan.** The agreement will allow Hitachi Hi-Technologies to use Gentran Integration Suite as a core solution to its solutions business practice in the Japanese market. The Gentran Integration Suite is a modular solution that provides intelligent and timely use of business information by uniting any-to-any integration-brokerage services, multi-gigabyte file support, and business process management capabilities. Hitachi High-Technologies was formed through a merger between Hitachi Limited's Instruments Group and Semiconductor Manufacturing Equipment Group.
- **Axissoft Corp., a business management software developer, disclosed its plan to revise its price list for browsing software.** The revision program includes the offer of a rental system and discount prices, a move that is aimed at attracting a broader base of customers that will include small and midsize firms as well as large businesses. The revised price list will be applied to a new product called Biz/Browser, which helps users to browse their firm's backbone system at their desks and input business information. The software is compatible with seven languages, including English and Chinese and brings with it the function of encrypting and saving communication data stored in PCs. The software costs 500,000 yen (US\$4,600) per server that it connects.

Korea

Internet

- **Intel said it has signed a memorandum of understanding with KT Corp with the aim of helping South Korea's biggest fixed-line telephone and broadband Internet operator set up high-speed mobile Internet services.** Under the agreement, Intel will provide interoperability between its wireless data technology Mobile WiMAX and WiBro. KT will demonstrate the WiBro service in November. Intel has also signed an agreement with SK Telecom, in which it has committed to help SK in developing the new music and video download service.

Semiconductors

- **Hynix Semiconductor announced its successful raising of US\$1.3 billion by way of a series of syndicated loans.** The five creditors include its largest lender, Korea Exchange Bank, said to have contributed the fresh financing that enabled the world's largest chip makers to pay off its debts. In April, the creditors and Hynix agreed to raise some US\$2 billion in fresh funds and a US\$750 million by way of an overseas bond issue. The creditor banks stated that they expect the bond issue to have a smooth conclusion. Previously, the creditors had the consensus to keep Hynix under their control until the end of next year. They decided to allow Hynix to chart its own course after seeing its robust recovery these past two years.

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China

Internet

- **668Map.com, an online map services provider in China, announced that it received a strategic investment valued at several million dollars coming from an overseas venture capital firm affiliated with CITIC Group.** According to the company, most of the proceeds from this investment would be used to develop and promote the wireless map services, which include mobile phone positioning and car navigation products in China. 668Map.com is discussing with China Mobile and China Unicom for the official launching of a mobile map service by the end of 2005. The company expects the new funds will boost their chances of becoming the largest Internet and wireless map services provider in China. According to the company, the fund will be used for new investment for the expansion of its business coverage to suburban and rural areas across the country. There is also a plan from the company to launch a national highway network inquiry services and a national tourist map inquiry system.
- **Qunar.com announced the formal launching of the company after a two month beta test period.** One of Asia's first travel search engines, Qunar's launch is seen as a significant move in the development of the volatile but rapidly growing online travel industry in the region. The clients of Qunar can now compare in real time virtually all available prices for air tickets, hotels, car rentals and tour packages. The company said it is completing the beta testing of its English, Japanese and Korean versions soon. Qunar has a technology and product development team based in Beijing with whom it has developed its own proprietary multi-language price comparison search engine.
- **SmartClub, a rewards program operator based in Shanghai, revealed the launching of its online BBS service dubbed SmarTalk.** The company's partners for the new service are auto web site BitAuto, Shanghai nightlife web site ShanghaiNing, and online recruitment service provider 51job. These corporate partners are going to be the sources of articles for SmartClub community. Each time a user reads content posted by the corporate sponsors, the user will receive corresponding points called SmartPoints. These points can be redeemed for rewards on the SmartClub web site. The company manages a loyalty program based on transportation cards in Shanghai, Beijing and Guangzhou. They also accumulate points when they make purchases at SmartClub partner retailers.
- **China Wireless Communications, Inc. said that has signed a multi-year contract with the Tianjin Municipal Education Commission.** The agreement was coursed through Tianjin Create Co., a systems integration company and subsidiary of China Wireless Communications. Under the agreement, Tianjin Create Co. will also provide hardware, software support and Internet services for three years. Tianjin Municipal Education Commission is a government organization responsible for managing the education system in Tianjin. The city hosts 31 universities and is also an industrial capital. China Wireless provides a suite of broadband data services, including support for Internet access and VoIP in Beijing, China.

Media, Gaming and Entertainment

- **Focus Media Holdings revealed its plan to raise as much as US\$100 million through an initial public offering on the NASDAQ.** The company sets up LCD-television advertisements in strategic locations. Focus Media is backed by a long list of venture capitalists, which include Goldman Sachs, Softbank, Victory Venture Capital, Draper Fisher Jurvetson and 3i Group. From these capitalists came about US\$70 million. Focus Media posted last year revenues of US\$29.2 million. According to CTR Market Research, the firm's network accounts for 77 percent of displays found inside commercial

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buildings in 13 mainland cities. In its listing document, Focus Media said it plans to use the IPP proceeds for the expansion of its advertising network and the acquisition of regional distributors.

- **China's Gansu province signed a contract with Nortel to deploy digital cable television (CATV) solutions.** The contract inked with the Broadcast and Television Bureaus of Jiuquan, Tianshui and Zhangye is valued at about US\$12 million, and is aimed at building a new CATV infrastructure expected to help diminish poverty in the province. It expects to achieve this aim through wider availability of public services like education, remote diagnostic medical treatment, and business government information for residents with limited or no access to communication. Export Development Canada (EDC) is behind the financing of the Gansu CATV project, which is expected to be finished by the end of 2005.

Mobile/Wireless

- **Mobile TV services will be formally launched in the municipality of Chongqing, in time for its eight anniversary of the transformation of Chongqing from a city to a municipality.** The Chongqing Broadcasting Television Mobile TV Co. Ltd. is the company that will operate mobile TV services in the municipality, with the content covering mostly news and traffic information. Expected to be launched are sports, entertainment and film channels. Mobile TV programs can be accessed also in private cars in Chongqing, with car owners paying a one-time charge of 3,290 yuan (US\$400). The fee includes the cost of set-top boxes and a 6- or 7-inch LCD screen. After the one-time charge, car owners will have unlimited access to mobile TV services. Mobile TV services are also now available in the cities of Shanghai, Beijing, Guangzhou, Wuhan, Changchun, and Nanjing.

Software

- **Beijing's software industry is forecast to make up 5 percent of the Chinese city's capital total GDP for 2005, a figure expected to surpass the city's real estate industry in added value by 2006.** The performance will thus make software a major development agenda of Beijing for the next three years, according to the Beijing Information Industry Chamber of Commerce. Data would show that the software industry in Beijing formed 4.1 percent of the city's GDP in 2004. During the same year, systems integration services posted 14.2 billion yuan (US\$1.7 billion) in revenues, with the software services registering 27.5 billion yuan (US\$3.3 billion) in revenues. Presently, Beijing hosts 2,300 certificated software enterprises, which produce some 6,000 certificated software products. Despite the more than positive industry atmosphere, the software industry has varied problems, which have been identified by industry analysts as the "lack of macro controls and planning, the lack of marketing, and the lack of major industry leaders."

Ventures/Investments

- **Intel announced a venture capital fund valued at US\$200 million for investment in Chinese companies that develop new hardware, software and services.** The announcement came from Intel Capital, the investment arm of Intel, and was made during the Intel Capital's Executive Summit being held outside for the first time in the U.S. and noted by analysts as an indicator of China's emerging importance in the technology industry. The fund will be initially used to invest in companies developing new hardware, software and services that have something to do with cellular communications and broadband applications. Intel Capital has invested more than US\$4 billion worldwide in 1,000 companies. Last year, it invested more than US\$130 million, about 40 percent of which were in companies outside the U.S.

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Hardware

- **Lenovo disclosed that it will unveil several laptops bundled with CDMA wireless Internet access services from China Unicom.** The offering is said to be part of the PC vendor's promotional activities for the coming summer holidays. Wireless Internet access has become one of the company's key programs for its laptop business together with security and wide screen displays. Like Lenovo, China Unicom has also partnered with Hewlett Packard and IBM in creating a service that promotes the carrier's wireless Internet access services.
- **TCL, a color TV manufacturer in China, disclosed its plans to set up a regional headquarters in Singapore, with the aim of coordinating and managing the investment activities in Southeast and South Asia.** Specifically, the company aims at getting flat TV market shares. The Singapore offices will be tasked for R&D and marketing and management of Southeast Asian markets. TCL also announced it will slash prices on its 44- and 61-inch RPTVs (rear-projection TVs) by about 50 percent at different locations in China. The company also plans to lower its 42-inch PDP TV prices. In related news, TCL-Thomson Electronics (TTE), a joint venture of TCL and Thomson Electronics, said that it shipped 188,700 RPTVs worldwide in the fourth quarter of 2004, with the company ranked after Sony and Samsung in the market.

Taiwan

Mobile/Wireless

- **Ulticom, Inc., a provider of network signaling software solutions, disclosed that Alcatel Taiwan has integrated Ulticom's Signalware into its Open Service Platform (OSP) product, a move that would deliver number portability services to carriers in the Asia Pacific region.** A company called Asia Pacific Telecom Group (APTG), a provider of wireline, wireless and Internet services in Taiwan, is deploying the solution. Number portability is the present concern of many companies in the region as the service allows subscribers to switch service providers even as their subscriber numbers remain unchanged. Carriers are taking advantage of this service as it is used to migrate their existing customers from circuit-based access networks to next-generation networks providing VoIP.

Hardware

- **Taiwan's stock exchange listed suppliers of printed circuit boards (PCBs) revealed that they have already raised about NT\$7 billion (US\$223.5) million this year.** The funds are earmarked for production expansion in mainland China. These manufacturers include HannStar Board Corp., ITEQ Corp., J-Three International Holdings Co. Ltd., Yeti Electronics Co. Ltd., Uni Circuit Inc., HMT Electronics Col Ltd., Tripod Technology Corp., Intech Machines Co. Ltd., and APCB Inc. HannStar, in particular, has built already three factories at its production base in Jiangsu. The factories supply boards to Taiwanese companies manufacturing notebook-computers in the mainland.

Hong Kong

Telecommunications

- **Hutchison Telecommunications International Ltd (HTIL) announced its launching of Vietnam's very first 3G mobile services this year.** Vietnam currently has mobile penetration that is

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about 4 percent of its total population of more than 80 million. The statistics makes Vietnam a lucrative market for HTIL. The agreement calls for HTIL to contribute capital and management expertise. Hanoi Telecom does not have a mobile business in Vietnam and offers only basic fixed telephony services, VoIP and Internet. A report states that HTIL is honoring the US\$150 million cash outlay for the business until 2007. In another development, HTIL, which is 70.2 percent held by Hutchison Whampoa, said that it has yet to complete its US\$120 million purchase of 60 percent of Cyber Access Communications. The company, which is HTIL's 60 percent Indonesian joint venture, is expected to participate in the offering of 3G services when they are launched next year.

Mobile/Wireless

- **PCCW disclosed its plan to buy about 60 percent stake in Sunday Communications, Hong Kong's smallest mobile services operator.** The stake valued at HK\$1.1 billion (US\$141.4 million) in cash will come from two shareholders. Sunday identified the two shareholders as Distacom, owner of the 46.2 percent share, and USI Holdings, owner of the 13.7 percent share. The announcement came after the Securities and Futures Commission (SFC) initiated an investigation regarding the possible insider dealing in Sunday shares. Analysts, however, generally viewed positively the takeover bid. They called the purchase price a bargain. Sunday is one of the four mobile operators with a 3G license in Hong Kong.

Media, Gaming and Entertainment

- **New Skies Satellites (NSS), the global satellite communications company, announced its signing of a new agreement with Hong Kong-based Asia Times Online, with the aim of delivering direct-to-home television in Southeast Asia by way of the NSS-6 satellite.** Asia Times Online is strategically positioned to capture a large subscriber base in the region with its wide array of news, educational, travel and entertainment channels addressed to the Southeast Asia market. The company is served by more than 50 correspondents and contributors in 17 Asian countries, the U.S. and Europe. Additional content is provided by news services, think tank, investment analysts and academics.
- **The government is seeking the Legislative Council (Legco) of Hong Kong's approval for a fund that will be used for the promotion of the digital game and entertainment industry.** The government proposal indicates that the Innovation and Technology Commission will make the request for HK\$30.7 million (US\$4 million) from Legco's Finance Committee to set up what it dubbed as the "digital entertainment incubation and training center" at Cyberport. The fund is aimed to support the first three years of the center's operation. The center is expected to give office space, access to facilities at a digital media center, business development advice, legal services and marketing support – all at discounted rates. The proposal said some 45 companies are initially seen as benefiting from the program.
- **Qin Jia Yuan Media Services announced its formation of a joint venture with Tianjin Qin Jia Yuan Media for the purpose of selling prime-time television advertising slots in five mainland provinces.** The company stated that it would like to build a nationwide network of such ventures with more than 100 television stations. Qin Jia Yuan said it is going to provide the stations with drama series in exchange for exclusive rights to prime advertising time slots. Under the deal, which is expected to bring in more than HK\$80 million (US\$10.2 million), Qin Jia Yuan said it will shell out a cash contribution of HK\$38 million (US\$4.8 million). The Tianjin company will be tasked with securing advertising rights on various television stations in the provinces. The joint venture will initially be made in television stations in Hubei, Hebei, Jiangsu, Heilongjiang and Guizhou provinces.

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Singapore/Malaysia/Philippines/Indonesia

Information Technology

- **Computer Sciences International said it is buying the remaining 26 percent of CSA Holdings.** The systems integration services company is offering S\$2 for each share of the Singaporean IT company. Computer Sciences said it would give S\$71.8 million (US\$43 million in cash for the estimated 35 million CSA shares it does not own yet. Observers say taking CSA private, which is the intention of Computer Sciences, would allow for better integration of similar businesses between the companies. The deal would still require Singapore court approval.
- **Some 1,500 people with hi-tech skills in Singapore would be hired by Seagate Technology, the world's largest hard-disk drive maker.** The U.S.-based company would be doing its recruitment for the next two years as it taps into Singapore's pool of engineering talent that would design, produce, pilot-test and assemble new products to broaden its higher-skilled operations in the city. The company would be doing this even as it moves its low-cost jobs to China. Singapore has lately been forced to restructure its company as a way of coping with the trend of companies to transfer low-cost manufacturing jobs to China and other countries with cheaper labor costs. Presently, the Singapore government has a dual approach to the situation: lower labor costs and create high-end industries in manufacturing and other sectors.

United States/Canada

Internet

- **Yahoo disclosed its acquisition of DialPad Communications, a company that has software that allows people to place calls by way of the Internet for a fraction of the cost of regular telephone service.** Yahoo said it will use DialPad to boost its range of products in the VoIP niche. DialPad is part of a growing number of startups that reroute calls from servers to telephones. Its calling plans offers have been running for two years and it counts more than 14 million users. Yahoo said the products integrating DialPad technology could be out in the market in a few months. The companies would not disclose financial details of the deal.
- **Microsoft's Internet Explorer is reported to be continuing to lose its users to the Open Source Firefox browser, according to the research conducted by U.S.-based NetApplications.** The monthly web site traffic study said that Firefox's market share went beyond 8 percent during the month of May, up from 7.3 percent in April. In the same period, Microsoft's market share went down to 87.2 percent, down 0.7 percent since April. Apple's Safari browser posted a slight increase during the month as it grabbed the slot for the third most popular Internet browser with 1.9 percent market share in May 2005. The study showed that although Internet Explorer is still the No. 1 browser, the growing popularity of Firefox indicates that Microsoft is facing its biggest threat since Netscape's Navigator. According to Mozilla Foundation, more than 50 million downloads of Firefox have been documented since the release of Firefox Version 1.0, with the figure continuing to rise as more Internet users search for a faster and safer Internet browser. In a study conducted by WebSideStory, Firefox's popularity is not universal: the upstart browser had more than 22 percent market share in Germany in May 2005, but it registered less than 3 percent of market share in Japan.

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- **Ericsson has teamed up with Napster LLC in creating a service that will simplify the process of mobile phone operators in opening up online music stores for their customers.** The two companies said they have developed a music downloading system that operators can use to deliver full songs to their customers' mobile phones. Ericsson and Napster said users would be able to pay for the music service on their phone bills. The Napster-Ericsson music system will be sold to mobile service providers who will in turn resell the service to their customers. The service has been designed to function with mobile phones already in the market and new ones meant for high-speed networks.

Software

- **IBM announced its acquisition of privately held Isogon, a developer of software for tracking application usage of mainframe systems, a move that industry watchers will boost the management capabilities of IBM's Tivoli line.** The company said it plans to include Isogon's technology into its Tivoli-branded systems management software line and market the software directly through its business partner channel. Isogon is the latest partner that IBM has bought to support its "ongoing on-demand strategy." All of Isogon's employees are going to be absorbed into the Tivoli infrastructure management software business unit.
- **Network Appliance, also known as 'NetApp', said it has entered a definitive agreement to acquire privately held Decru for US\$272 million in cash and stocks.** NetApp, considered as one of the most successful storage software vendors, built its business by being the pioneer in the network-attached storage paradigm, a system that is popular now because of its use of IP technology. Decru, while small, is noted for providing security for stored data through data encryption.
- **Adobe Systems said its profits for the second quarter went up 37 percent to US\$149 million from US\$109.4 million in the same period last year.** The company reported revenue of US\$496 million, a figure which represents a 21 percent increase over US\$410 million in the year-earlier period. Adobe forecast its earnings for the third quarter would range from US\$470 million to US\$490 in revenue.

Telecommunications

- **Texxon Inc. said it has signed a letter of intent to buy TelePlus Inc., a pioneer in international telecommunications.** With existing patent application, TeleplusGroup has developed a proprietary technology that combines cognitive intelligence and telecom system. The technology allows the company to independently operate all of its mobile numbers without having to intervene in the account of the partnered wireless carrier worldwide. The technology results in the ability to purchase airtime at low cost for international communication use, which then allows TeleplusGroup to offer some of the most competitive international communication rates for international travelers. TeleplusGroup is also networking with the international tourism industry and distribution channels particularly in Japan. Texxon Inc. is a corporation that provides telecommunications solutions that integrate local, long distance and broadband Internet services on a global scale.

Media, Gaming and Entertainment

- **Sony Corp and Time Warner Inc. disclosed long-term licensing agreements covering their respective computer game units.** Under the agreements, Sony Online Entertainment Inc. will be developing multiplayer online games based on characters from DC Comics and Warner Bros. Interactive Entertainment's "The Matrix Online." Sony Online said it would work with Warner in creating a console and massively multiplayer online game with DC Comics' characters that would include Superman, Batman, Wonder Woman and the Sandman. The games would be readied for a

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fourth-quarter release in 2007. Sony Online said specifically that it will collaborate with Warner to enhance services on its “The Matrix Online” game and transform it to a massively multiplayer game online.

- **Viacom said its board approved the splitting of the media giant into two separate companies.** The two groups would be clustered around the MTV music network and the CBS television group. The move would break apart the US\$37 billion acquisition of CBS by Viacom, acknowledged as the biggest merger when it took place. The new Viacom Inc. will be composed of MTV networks properties (television channels MTV, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT, Spike TV, TV Land and other networks around the world). BET, Paramount Pictures, Paramount Home Entertainment and Famous Music are part of the new Viacom. The other company, to be named CBS Corporation, will include CBC and UPN Broadcast networks, Viacom World Television Stations Group, Infinity Broadcasting, Viacom Outdoor, the CBS, Paramount and King World World Television production operations and Showtime Channel, Simon and Shuster publishing operations and Paramount Parks. Viacom has been seeking reorganization after posting losses in some of its operations. In the third quarter of last year, the group suffered a net loss of US\$487.6 million. In another development, the China International Economic and Trade Arbitration Commission (CIETAC) ruled that the MTV domain is not the property of Viacom. When viewers in China see MTV, they refer to all music TV and not just the Viacom MTV.

Europe

Mobile/Wireless

- **Nokia, with its strategic partners, is working to make its advanced mobile phones an adjunct to the way people listen to the radio or watch TV in Asia with the launching of its Visual Radio and Mobile TV Initiatives.** Nokia’s Visual Radio was developed with Hewlett-Packard and will be available later this year in Singapore through MediaCorp Radio and Starhub. The same service will be accessed in Thailand through RS Promotions and TA Orange. Visual Radio allows listeners to listen to local FM radio using their mobile phones. Nokia also announced that it would work with Intel to provide handset users faster voice and data services, which would include high-speed broadband connections to the Internet. The collaboration would be using WiMAX technology for mobile clients.
- **BT Group launched BT Fusion, a handset that operates on both networks, creating a technology that finally connects the landline and mobile phone line.** BT Fusion is part of what the company dubbed as its “new wave” services meant to attract once more customers who left BT’s fixed line service for offerings from other mobile phone providers. Revenue from the company’s traditional businesses, which include fixed lines, went down 9 percent in the first three months this year. The new service seamlessly moves from landline to mobile phone coverage by operating on two different networks. The hub system is Wi-Fi enabled to allow customers to connect to wireless-enabled PCs, laptops, games consoles and printers to the Internet.

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